

MANCOS MINING

P.O. Box 272
Roosevelt, Utah 84066
(801) 353-4942

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RECEIVED

AUG 30 1991

DIVISION OF
OIL GAS & MINING

August 26, 1991

State of Utah Natural Resources
Oil, Gas & Mining
Frank J. Filas, Reclamations Engineer
Mined Land Reclamation Program
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Mr. Filas:

It is our intention to conduct a small test pilot mine feasibility study to determine the profitability of not only our future expansion but the expansion by other mining interests into the Emery County area.

Our initial program will deal with only 600 tons of ore which represents an area of less than 1/4 acre of ground disturbance. Our mill site area is a five acre parcel located south of Ferron on BLM lands staked and duly recorded at the Emery County Recorder's office. (See attached Exhibit A) An exhibit drawing (Exhibit B) showing the construction lay out of millsite and proposed land use is also included.

All buildings constructed during initial pilot program are designed to be easily moved with as much aesthetic appeal as possible. Any and all equipment is portable either by self-propulsion or trailer. Although our ore zone tests show profitability and future growth potential, we feel it is not in the best interest of Mancos Mining to begin construction or occupation of any permanent structures at this time.

The portable equipment we will be using consists of one rotational drum mixer, one small backhoe, one 6 yard dump truck, and small tanks and pumps. Equipment and items that may be of concern which we will not be using at the job site will be large furnaces, crushers, milling machines and other machinery that would pose a pollution, dust or hazardous waste problem or concern to the community.

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Any and all chemicals and solutions used at job site have previously been approved for use and determined safe by both the State and BLM. All solutions are on a containment status and are deemed secure.

With only 600 tons of ore being used there will be a minimal land disturbance and reclamation does not present any major problem. All reclamation will be conducted using BLM guidelines and land use stipulations.

We will not be using any County roads or, to the extent of our knowledge, crossing any county easements. All unimproved road usage will be conducted during dry times to minimize land damage. During the pilot project it will not be necessary to use community or county water at job site. All electrical will be with portable generators. We have also contracted for porta-john facilities to handle personnel waste and sanitation disposal.

Although our pilot project is of a temporary nature, we have employed five Emery County residents and intend to make it our policy to hire locally. No one can predict the future with any certainty and for our company to attempt to do so would be ludicrous. We can only speculate on the future of the mancos deposit in South East Utah and our involvement with it. If our testing project is successful and we feel it will be, our future plans are as follows:

1. 1992 - Conduct the following studies:

- A. Expansion Economic Feasibility Study
- B. Existing Labor Force Study
- C. Economic Impact Study
- D. Expansion of Community Resources Study
- E. Expansion and Up-grading of Community and County Utility Systems
- F. Engineering and Construction of Mine Site Plan
- G. Permitting and Process Development
- H. Contracting of Site Ground Work and Construction
- I. Employment of 20 to 30 Local Personnel

II. Future Plans for 1993

- A. Complete Construction of Initial Plant
- B. Expand Labor Force to 150 - 200 Employees
- C. Begin Community Development

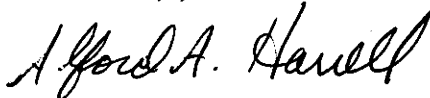
III. Future Plans for 1998

- A. Three Mines and Ore Processing Development
- B. Continued Expansion of Community Utilities and Development
- C. Labor Force Expanded to Approximately 1000

We would very much like to begin with a good working relationship with the State of Utah and would very much appreciate your careful consideration of this project and our notification.

If you have any further questions, please don't hesitate to call me a (801) 353-4942.

Sincerely,



Alford A. Harrell
President, Mancos Mining

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Encs.

NOTICE OF LOCATION

NOTICE IS HEREBY GIVEN, That the undersigned, having complied with Section 2324 of the Revised Statutes of the United States, and the Local Laws, Customs and Regulations of this

Price

Mining District, ha 5 located ²⁶⁴⁰ ~~Fifteen Hundred~~ Feet in length by ²⁶⁴⁰ ~~Six Hundred~~ Feet in width on this, the Lode, Vein or Deposit or Sedimentary Deposit bearing gold, silver and other precious metals, situated N. W. 1/4 of Sec. 34 T20S R7E
South of Ferron, Ut.

in Emery County, State of Utah, and described and marked on the ground, as follows, to-wit:

Beginning 1 feet South of this location (Discovery) Monument, at the South-east end center monument, and running thence Northerly ²⁶⁴⁰ ~~300~~ feet to corner monument No. 1; thence Westerly ²⁶⁴⁰ ~~1500~~ feet to corner monument No. 2; thence Southerly ²⁶⁴⁰ ~~600~~ feet to corner monument No. 3; thence Easterly ²⁶⁴⁰ ~~1500~~ feet to corner monument No. 4; thence 300 feet to place of beginning; including all Dips, Spurs,

Angles and Variations

This claim is located in The
N. W. 1/4 of Sec. #34 T20S R7E
It contains 160 acres

328904
STATE OF UTAH
COUNTY OF EMERY
FILED AND RECORDED
JUN 25 PM 12
IN BOOK 2263
PAGE 476
COUNTY RECORDER

This Mining Claim shall be known

as Roy Wanda
Mining Claim # 5

Located this 24th
day of June

A. D. 1991

NAMES OF
LOCATORS

Shirley Rose
Brenda Rose
Alford Harrell
Bud Lancaster
Gerald Edmondson
Walter Rose
Jack Rose
Kristy Mowery

